



United States
Department of
Agriculture

Foreign
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Service

FACT SHEET

U.S.-Colombia Trade Promotion Agreement Arizona Farmers Will Benefit

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The U.S.-Colombia Trade Promotion Agreement (CTPA) provides increased access for Arizona's agricultural exports by making agricultural trade a two-way street and leveling the playing field with respect to third country competitors in the Colombian market. Already our largest market in South America, Colombia now holds even greater potential because it has agreed to immediately eliminate duties on 53 percent of current U.S. trade upon implementation of the agreement. The American Farm Bureau and over 40 other agricultural industry and farm groups strongly support the agreement by stating "the agreement will provide U.S. products exported to Colombia with the same duty-free access already granted to Colombian products exported to the U.S."

Exports of farm products boost Arizona's farm prices and income. Such exports support about 6,200 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$520 million and made an important contribution to Arizona's farm cash receipts in 2006 that totaled \$2.9 billion.

Beef. In 2007, the United States exported \$386,000 of beef and beef products to Colombia. As the state's largest source of farm cash receipts with \$737 million, Arizona's ranchers and beef industry will benefit from the CTPA.

- Colombia will immediately eliminate its 80-percent duty (108 percent allowed by the World Trade Organization (WTO)) on beef products of most importance to the U.S. beef industry—prime and choice cuts.
- U.S. exporters of standard quality beef cuts will enjoy immediate duty-free access through a 2,100-ton tariff-rate quota (TRQ). The TRQ will grow by 5 percent, compounded annually. Colombia will phase out the 80-percent out-of-quota tariff over 10 years after a 37.5-percent cut at the beginning of the first year of implementation.
- U.S. exporters of variety meats (offals) will immediately receive duty-free access under a 4,642-ton TRQ that will grow 5.5 percent, compounded annually. The 80-percent over-quota tariff will be phased out over 10 years.
- Colombia agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.
- Colombian exporters of beef to the United States will receive duty-free access under a 5,250-ton TRQ that will grow 5 percent, compounded annually. The United States

will phase out its beef tariffs over 10 years. For those beef lines that are already duty free under the Andean Trade Promotion and Drug Eradication Act, the CTPA will continue the duty-free treatment.

- *The American Meat Institute; National Cattlemen's Beef Association; U.S. Hide, Skin and Leather Association; U.S. Livestock Genetics Export, Inc.; and Pet Food Institute publicly support the CTPA.*

Dairy. In 2007, the United States exported \$6.6 million of dairy and dairy products to Colombia, and changes with the CTPA will provide immediate opportunities for U.S. dairy producers. Arizona dairy contributed nearly one-fifth, or \$504 million, of the state's farm cash receipts.

- U.S. dairy producers currently face a system of variable levies (price band system) that results in tariffs as high as the WTO ceiling of 159 percent. Colombia will immediately eliminate the price band system on U.S. imports.
- Colombia will immediately eliminate tariffs on whey.
- Colombia and the United States will establish duty-free TRQs for certain dairy products totaling 9,900 tons, with these TRQs growing by 10 percent, compounded annually.
- All Colombian duties on dairy products will be eliminated within 15 years, with duties on some eliminated earlier.
- *The National Milk Producers Federation, U.S. Dairy Export Council, Grocery Manufacturers Association/Food Products Association, and International Dairy Foods Association publicly support the CTPA.*

Lettuce. In 2007, the United States exported \$1.6 million of fresh and processed vegetables and products to Colombia. Contributing nearly 14 percent of the state's farm cash receipts at \$389 million, Arizona's lettuce producers will benefit from the CTPA.

- U.S. exporters face a 15-percent duty on lettuce; and under the WTO, Colombia could raise duties to 70 percent.
- Colombia will immediately eliminate tariffs on lettuce.
- *The Grocery Manufacturers Association/Food Products Association publicly supports the CTPA.*

Cotton. In 2007, the United States exported \$59 million of cotton to Colombia. Cotton export figures to Colombia are their highest since at least 1970 (in excess of \$70 million), and growing. Arizona cotton farmers will benefit from the CTPA as cotton provides Arizona's fourth largest source of farm cash receipts (\$170 million) and its largest export sector.

- Under the CTPA, Colombia will immediately eliminate the 10-percent tariff (99 percent allowed by the WTO) facing U.S. exporters.
- The CTPA provides for reciprocal elimination of all cotton duties.
- *The National Cotton Council and the American Cotton Shippers Association publicly support the CTPA.*